



**ARIZONA READY EDUCATION COUNCIL
K-20 EDUCATION FUNDING TASKFORCE
January 25, 2013 @ 8:00-9:30am
1700 W. Washington, 3rd Floor Conference Room
Phoenix, AZ 85007**

Meeting Notes

Present: Dr. Craig Barrett, Susan Carlson, Tim Carter, Chuck Essigs, Jay Kaprosy, Colleen Niccum (telephonic), and Doreen Zannis

Members Absent: Dr. Tom Anderes, Dr. Rufus Glasper, Hugh Hallman, Alan Maguire, Jaime Molera, and Stacey Morley

Staff: Dale Frost, Rebecca Gau, and Kerry McConnell

Call to Order, Welcome & Introductions

Dr. Barrett called the meeting to order at 8:08 a.m., provided welcoming remarks and reviewed the purpose of this meeting, which was to get an updates on the Governor's budget, the Performance Funding proposal, and current Legislative bills.

Governor's Budget Update

- **K-12 Education**

Whitney Chapa with the Governor's Office of Strategic Planning and Budgeting gave the Task Force Members a brief overview of the Governor's proposed budget for K-12 Education. Ms. Chapa reviewed the following points;

- Common Core Implementation
- PARCC Exams
- Career and Technical Education
- School Safety
- Data System

Members asked Ms. Chapa about specifics of the plan such as when would the \$1.5 million for the master teacher program be populated to the Regional. Ms. Gau advised that the funding for the master teacher program could be available within a month of July 2013. Doreen Zannis asked if Ms. Chap had any feedback on the funding recommendations for the PARRC technology needs. Ms. Chapa advised that she has not heard any feedback personally but the funds are a good starting point for determining where districts' needs are. Tim Carter stated that currently there are three issues with PARCC implementation; devices, infrastructure and broadband. Susan Carlson asked how this budget recommendation from Governor Brewer aligns with ADE's budget request. Ms. Chapa advised that PARCC implementation costs for technology was not in the ADE budget request to Gov. Brewer. Dale Frost added that ADE asked for funding for professional development, curriculum, and

the data system. Ms. Carlson then inquired on what feedback Ms. Chapa had had from ADE regarding the data system funding recommendation. Ms Chapa advised that again she has not had direct feedback but understands that ADE is supportive of any 3rd party review of their project if that means they will receive funding. Ms. Zannis then asked if the Governor's office picked ASET for a specific reason. Mr. Frost advised that the office felt that the Legislature would be more at ease giving funding with oversight under ASET. Mr. Frost further advised that there is opportunity for midyear review of project with JLBC and ASET to get a better idea of funding needs which should help in getting additional funds for next year.

- **Higher Education**

Illya Riske with the Governor's Office of Strategic Planning and Budgeting gave the Task Force Members a brief overview of the Governor's proposed budget for Higher Education. Mr. Riske reviewed the following points;

- General Funding
- Performance Funding
- Community College Funding

Dr. Barrett asked Mr. Riske if the parity payment in this recommendation will equalize per student funding for this year. Mr. Riske advised that it will not, but per student funding should equalize by fiscal year 2017. Jay Kaprosy inquired what percentage of the University's total funds does the performance funding cover. Mr. Frost advised that the Governor's office does not have exact numbers but funding would come out to about 3% maybe less. Ms. Carlson then asked Mr. Riske why Community College funding was not given to Maricopa and Pima counties. Mr. Riske advised that funds would do the most good and have the largest impact in rural areas.

Overview of Governor's K-12 Performance Funding Proposal

Dale Frost with the Governor's Office gave an overview of the final K-12 Performance Funding Proposal in the Governor's budget. Mr. Frost reviewed some changes between the Task Force's recommendation and the final proposal;

- Payments are capped at 500 per pupil at the full 5% for both achievement and improvement
- The achievement payments were smoothed out by removing the "steps" in payments allowing for graduated funding
- Improvement payments are added to achievements payments. They are calculated by taking the dollar amount listed on the graph for that year's score and multiplying it by the number of improvement points for that year.

Dr. Barrett asked Mr. Frost what the baseline was for improvement. Mr. Frost advised that it is the highest score in 5 years. Mr. Kaprosy inquired what the state average was on the A-F scale. Mr. frost answered that the state's lowest score is at about 40 and our highest is at about 170 with the average school being about 122 or a low B. Mr. Kaprosy then asked what was done with extremely small schools that may have a spike one year due to a higher than normal enrollment. Kerry McConnell with the Governor's Office of Education Innovation advised that for those types of schools, the A-F grades are based on a running average and not a single year. For small schools it is a 3 year average and for extremely small schools it is 5 years.

Legislative Bills Update

Dale Frost then offered a brief update of education bills in the Legislature. Mr. Frost gave some detail on the following bills;

- HB2151 - If the Auditor General determines that a school district or charter school has improperly supplanted monies in the classroom site fund, the Auditor General is required to instruct the school district or charter school to restore the supplanted monies for statutory purposes.
- HB2435 - This bill would allow school districts and/or individual schools to opt into a 200 day school year for an 8% increase in funding
- HB2152 - If a school district's budget balance carryforward exceeds three percent of the school district's revenue control limit for each of three consecutive fiscal years, any state aid allocations apportioned to that school district in the next fiscal year will be reduced by the sum of the carryforward balance for those three fiscal years.
- HB2349 - For FY2013-14 through FY2017-18, the amount subtracted in the equalization assistance for education formula is modified by adding specified percentages of the prior fiscal year ending balances in a school district's maintenance and operation fund, capital outlay fund and soft capital allocation fund. For FY2013-14 through FY2017-18, additional state aid for education is provided using a formula based on all statewide class 1 property tax levies for all taxing jurisdictions that are levied against class 1 properties in the school district. The monies allocated based on this formula are remitted to the county treasurer for use in reducing property taxes for property classes 2 through 9 for all taxing jurisdictions within the school district on a pro rata basis. Session law establishes the assessment ratio of class 1 property as follows: 17.6 percent for tax year 2013-14, 15.7 percent for tax year 2014-15, 13.8 percent for tax year 2015-16, 11.9 percent for tax year 2016-17, and 10 percent for tax year 2017-18.
- HB2399 - This bill would temporarily increase bonding capacities for districts
- HB2472 - School districts are prohibited from expelling, suspending or withdrawing from enrollment a student with chronic health problems due solely to extended absences from school.
- SB1104- The sum of the average daily membership for a student enrolled in both a charter school and a joint technical education district is prohibited from exceeding 1.75, instead of 1.25.

Mr. Frost then advised of a bill being proposed by Rep. Heather Carter to allow districts to opt into the charter formula. Mr. Frost also advised that Rep. Chester Crandell has some ideas on the school funding formula.

Approval of Meeting Minutes

A discrepancy was noted on the December 6, 2012 Task Force meeting minutes that Colleen Niccum was listed as both present and absent. Tim Carter moved for the approval of the minutes as presented with the appropriate change that Ms. Niccum was absent from the 12/6/12 meeting. Jay Kaprosy seconded and the motion passed unanimously.

Taskforce Comments

Dr. Barrett reviewed next steps:

- Research update
- Legislative update
- Update from ADE on Data system

Next Meeting:

- March 1 8:00am
- April 17
- May 23
- July 8

Call to the Public

Mitzi Epstein commented on the performance funding proposal. Had concerns that this system might motivate schools to compete for the best students, and for LEAs to divest from low performing schools.

Adjourn

With no further business before the Taskforce, Susan Carlson motioned to adjourn the meeting. The motion was seconded by Craig Barrett and unanimously approved. The meeting was adjourned at 9:55 a.m.